



A STUDY ON IMPACT AND IMPORTANCE OF SECONDARY SECTOR ON ECONOMIC DEVELOPMENT ACROSS JHARKHAND

Manish Kumar

Research Scholar Department of Economics, VBU

ABSTRACT

The industrial sector has a multi-faceted role in the growth and development of Jharkhand. Industrial development unleashes dynamic and competitive economic performance which generates income and employment, facilitates international trade and increases resource efficiency, and is thus a major driver of poverty alleviation and shared prosperity. The industrial sector contributes a share of 42% of its total gross state value added for the year 2019-20. This study has analysed the impact and importance of secondary sector on economic development across Jharkhand state.

KEYWORDS: Development, Industrial Sector and GSDP

INTRODUCTION

Industrial development unleashes dynamic and competitive economic performance which generates income and employment, facilitates international trade and increases resource efficiency, and is thus a major driver of poverty alleviation and shared prosperity. Although industrialization helps achieve the overarching goal of economic expansion, the effects vary depending on the nation's level of development. Higher productivity, the adoption of new technology, smarter production methods, and a reduction in the impact of industrial output on the environment and climate all represent industrial progress in developed economies. For emerging nations, industrialisation entails a structural shift away from traditional economic sectors like agriculture and fishing toward cutting-edge manufacturing sectors driven by innovation and technology. An increase in manufacturing leads to job creation, income improvement that lowers poverty, the introduction and promotion of new technologies, and the production of necessary goods and services for the market.

One of the nation's low-income states is Jharkhand. Despite having a geographical region that makes up 2.4% of the nation's total area and houses around 2.7% of the nation's people, the

country's GSDP accounts for less than 2% of that total. Nevertheless, the state has achieved consistent development since its creation in November 2000, with the exception of a few years.

The industrial sector has a multi-faceted role in the growth and development of Jharkhand. In order to guarantee a balanced and quick development, this sector's performance is crucial. The industrial sector has the ability to transmit the growth impulse throughout the whole economy, effectively functioning as the growth driver, due to its extensive backward and forward connections with the other sectors of the economy, including agricultural commodities, transportation,

storage, and commerce. All different enterprises may take off with confidence because of the abundant mineral reserves. The state government of Jharkhand, which has 40% of the country's mineral reserves, seeks to accelerate development by capitalizing on the geographical advantage with an aggressive Industrial Policy and inspirational leadership. The various connections between the industrial and other sectors of the economy can sometimes leave it open to a number of internal and external economic issues that have a negative impact on its development.

Jharkhand has been driving the state's expansion, especially in the manufacturing sector. For the 2019–20 fiscal year, the industrial sector is responsible for 42% of the nation's total gross state value added. Although there have been significant adjustments over the years, the relative share of the industrial sector has stayed in the region of 41–42% for the past five years.

REVIEW OF LITERATURE

Bhattacharya and Arup Mitra (1994) In this research, the authors investigate pay rates and employment productivity in the organized public and private sectors in light of structural transformation. They have noted that the growth rate of public employment has slowed to less than 2% since the 1980s. In the case of public sector manufacturing, the slowdown has been more pronounced. During the 1980s, job growth rates in other industrial industries also decreased. Compared to a moderate growth rate of 1.45% during the 1970s, organized private employment had stalled throughout the 1980s.

Sunil Mani (1995) examined how the industrial sector had fared under economic liberalization. Three aspects of the economic process were explicitly highlighted: (a) policies impacting the industrial sector's structure; (b) the policy on privatization; and (c) the policy on foreign investments.

Singh and Ravi Kiran (1996) have discovered that India's

industrial growth since independence has been plenty for the nation to be proud of. Between 1950 and 1990, national income increased by a factor of four. Industrial production increased by a factor of twelve, or more, if the growth in the small-scale sector is properly taken into account. Food grain production increased by a factor of three. Iron and steel production increased by a factor of ten. Electricity and motor vehicle production increased by a factor of 43 and 70, respectively. There was a noticeable diversification of the industrial base in addition to this increase in economic activity.

Kaplinsky and Raphael (1997) explained that in recent years there had been a significant shift in industrial strategy from a heavily regulated and inward oriented structure toward significant liberalization in both domestic and trade policy. Indian industry has maintained its traditionally outstanding growth rate at the same period. There have been major structural changes that have been linked to the two rounds of liberalization that occurred in the 1980s and after 1991. Verification is required to see whether this shift in strategic focus is congruent with increased per capita income. They examined these shifting strategic vistas as well as the post-independence manufacturing sector's economic performance. They came to the conclusion that there has not been a strong tradition of microeconomic study into the factors that influence industrial competitiveness, and the majority of studies that have been done on Indian industrialization have been macroeconomic in character.

Avasthi and Sachin Bansal (1999) When the industrial productivity in India was analyzed, it was discovered that the country's economy was in a recession and that industrial production was declining as a result of a severe power deficit, high corporate taxes, and rising customs charges. Additionally, they recommended that appropriate changes be made for the construction of sufficient infrastructure, boosting exports, establishing more agriculturally based processing sectors, appropriate customs charges, and optimal corporate taxes and government funding.

Sanjukta Mitra (2000) He had noted in his paper that over the previous 20 years, there had been no improvement in the manufacturing sector's proportion of the total production of the Indian economy. The manufacturing sector in India behind all the other developing nations considered in the World Bank research in terms of its percentage contribution to the production of the economy. Even nearby nations like Bangladesh, Pakistan, and Sri Lanka have reported percentage contributions that are higher than India's. This is true as a result of the Indian industrial sector's inability to effectively leverage economies of scale.

OBJECTIVE OF THE STUDY

The objective of the study is to analyse the impact and importance of secondary sector on economic development across Jharkhand state.

DATA AND METHOD

The study has been based on secondary data obtained from the Ministry of Statistics and Programme Implementation the

(*MoSPI*)), GoI, Jharkhand Economic Survey, GoJ and has been used to understand the impact and role of secondary sector in economic development in Jharkhand.

RESULT AND DISCUSSION

Industrial development is often used as a proxy for national development. The difference in the nature of their economies the former are predominately industrialized economies, while the latter are primarily agricultural economies reflects the discrepancy in per capita earnings between developed and underdeveloped nations. Today, no nation can afford to delay industrialisation due to the need for quick economic growth. Therefore, industrialization plays a key role in achieving the primary goals of accelerating economic growth and eliminating poverty from an economy.

The concept of unemployment in general is quite vast and also quite well discussed. However, unemployment is more of a problem than of a concept, which is faced by almost all the economies of the world. Unemployment affected all the developing countries like India as well as Jharkhand where the problem has grown and has taken a massive size over time.

The average annual growth rate (CAGR) for the Jharkhand economy from 2011–12 to 2018–19 was 5.9%. Between 2011–12 and 2014–15, it rose at an average annual rate of 7.3%, and from 2014–15 to 2018–19, it increased by 4.8%. The record state-wide real GSDP loss of 6.2% in the year 2015–16 was the primary reason of the second period's growth rate slowdown (2014–15 to 2018–19). But in the years that followed, the economy began to improve. Its growth in 2019–20 was projected to be 6.7%, which is significantly greater than the country's actual GDP growth, which was only projected to be 4.2%.

Year	Growth (%)
2012-13	10
2013-14	-1.8
2014-15	8.7
2015-16	-12.5
2016-17	8.7
2017-18	9.5
2018-19	8.2 Pr
2019-20	6.7 Pr

Sources: Jharkhand Economic Survey, GoJ

Table-01: Growth of Secondary Sector in the state of Jharkhand



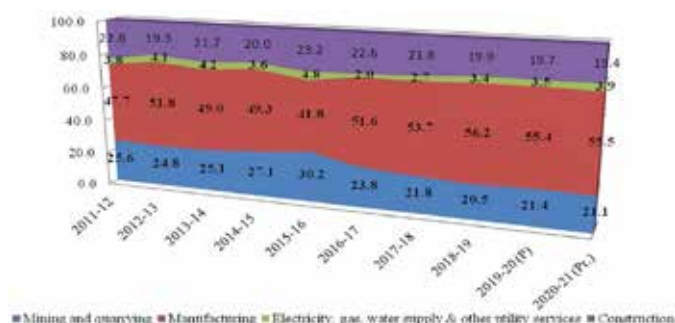
Figure 01 shows that growth of secondary sector in state of Jharkhand. In the year 2013-14 (-1.8%) and 2015-16 (-12.5%) registered negative growth and 2012-13 (10%), 2014-15 (8.7%), 2016-17 (8.7%), 2017-18 (9.5%), 2018-19 (8.2%) and 2019-20 (6.7%) register positive growth.

The industrial sector's manufacturing sector is its most significant subsector. greater than half (greater than 50%) of the total value of production (GVA) of the industrial sector comes from this subsector. Its contribution to the GVA of the industrial sector climbed from 47.7% in the year 2011-12 to 56.2 in the year 2018-19; its contribution has maintained over 55% during the past two years as well. In the years 2020-21, it is anticipated to have contributed 55.5% of the industrial sector's projected GVA.

The other two most significant sub-sectors of the industrial sector are "mining and quarrying" and "construction." In the fiscal year 2011-12, the "Mining and Quarrying" subsector's contribution to the industrial sector's GVA was 25.6%. It dropped to 23.8% in the 2016-17 fiscal year and has been nearly steady around 21% during the previous four years. Its contribution to the industrial sector's GVA was 20.5% in 2018-19, 21.4% in 2019-20, and 21.1% in 2020-21.

The proportions of the "construction" and "electricity, gas, and water supply and other utility services" subsectors to the GVA of the industrial sector have not changed much. In the years 2011-12 and 2018-19, the 'building' sub sector contributed 22.8 and 21.8 percent, respectively, to the industrial sector's gross value added (GVA). Its contribution to the industry's GVA over the past three years has stayed just over 19%.

The industrial sector's "Electricity, Gas, Water Supply and Other Utility Services" is a less significant component in terms of production value. As of 2011-12 and 2020-21, this subsector's contribution of the industrial sector's GVA was around 3.8% and 3.9%, respectively.



Source: Calculated from the data of GSDP and related aggregates of MoSPI, GoI

Figure 2: Share of the Sub-Sectors in the Industrial Output

The industrial sector has grown at an average annual rate (CAGR) of 5.3 per cent between the years 2011-12 and 2018-19. The gross value added of this sector grew by 0.4 per cent in the

year 2019-20 and contracted by 7.4 per cent in the year 2020-21. Its growth-rate, however, has fluctuated between -12.5 per cent (in 2015-16) and +17.0 per cent (in 2018-19) in last ten years. As a result, the co-efficient of variation of the value of its output has been 13.4 per cent in this period.

Manufacturing, which is the biggest constituent of this sector, has been the fastest growing sub-sector of this industrial sector. It increased at a 7.8% average yearly rate between 2011-12 and 2018-19. The GVA of this subsector decreased by 1% in 2019-20, the year of the economic downturn, and decreased by 7.2% in 2020-21, the year of the COVID-19 pandemic. Its growth rate has likewise fluctuated greatly. In the last 10 years, it has varied between -25.8% (in 2015-16), +34.1% (in 2016-17), and +22.4% (in 2018-19). As a result, over this time the co-efficient of variation of the output's value has been 21.1%.

Between the years 2011-12 and 2018-19, the gross value added of the "Mining and Quarrying," "Electricity, Gas, Water Supply and Other Utility Services," and "Construction" subsectors increased at average annual rates of 2%, 3.7%, and 3.3%, respectively. The GVA of these subsectors increased at rates of 4.9%, 3.2%, and -0.6%, respectively, in the 2019-20 fiscal year and at rates of 8.5%, 1.9%, and 8.6% in the 2020-21 fiscal year. These three sub-sectors' co-efficients of variation (CVs) for the GVA have been 7.6%, 21.6%, and 9.7%, respectively.

IMPORTANCE OF SECONDARY SECTOR FOR ECONOMY

Growth in the GDP and national income is considered economic progress overall. Growing industrialization results in economic development; as the industrial sector develops, jobs are created, which raises the standard of living and literacy rate for all people; it also improves transportation, communication, equipment, and machinery; and it has a positive impact on infrastructure, which has helped India and Jharkhand's economies.

Secondary Sectors importance in the Indian as well as Jharkhand economies:

- The Secondary sector contributes more than 40% to the GSDP of Jharkhand.
- Secondary industries have contributed to the creation of job possibilities. After farming, it employs the greatest number of people.
- The final goods in our houses are indeed the outcome of such an industry's design and processing processes. These items have aided to make our life better.
- Secondary industries have contributed to a countries and state progress and wealth. People are likely to pay extra money if they have plenty. The state spends this much on the well-being of its population.
- Mechanisation is the consequence of businesses, which has led to reduced purchases and an expansion of international trade. This promotes larger salaries through forex, making the economy increasingly rich.
- Aids nations in benefiting and specialising from efficiencies.
- It provides employment for the people.
- It provides goods to the people like cloth, sugarcane,

iron, and steel.

- The Secondary sector promotes the development of the Primary and tertiary sectors.

CONCLUSION

An important factor in reducing poverty and promoting shared prosperity is industrial growth, which releases dynamic and competitive economic performance that creates income and employment, promotes international commerce, and enhances resource efficiency. The industrial sector plays a variety of roles in Jharkhand's expansion and development. Jharkhand has been spearheading the growth of the state particularly in the manufacturing field. For the 2019–20 fiscal year, the industrial sector is responsible for 42% of the nation's total gross state value added. Although there have been significant adjustments over the years, the relative share of the industrial sector has stayed in the region of 41–42% for the past five years. Between 2011–12 and 2018–19, Jharkhand's economy expanded at a CAGR of 5.9% on average per year. It expanded at an average annual rate of 7.3% from 2011–12 to 2014–15 and 4.8% from 2014–15 to 2018–19. Economic development is the whole process of growth in the national income and GDP. Economic growth is a result of growing industrialisation, which in turn creates jobs.

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